



**EnergyAustralia**

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## Draft Consumer Engagement Guideline for Network Service Providers

### 1. Introduction

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EnergyAustralia appreciates the opportunity to comment on the Draft Consumer Engagement Guideline for Network Service Providers prepared by the Australian Energy Regulator (AER).

EnergyAustralia is one of Australia's largest energy companies, providing electricity and gas to over 2.7 million household and business customers in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. EnergyAustralia also owns and operates a multi-billion dollar portfolio of energy generation and storage facilities across Australia, including coal, gas and wind assets with control of over 5,600MW of generation in the National Electricity Market.

EnergyAustralia helps consumers with efficient solutions. We are driven by things our customers want to do and continually engage with them to help meet their energy needs. EnergyAustralia supports the AER encouraging network service providers to do the same. This engagement should be done in a coordinated fashion to ensure maximum impact.

### 2. Consumer Information

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In developing a consumer engagement guideline it is important to consider the broader context – that is the energy information consumers currently receive. Consumers may receive information about energy from a variety of sources. The list includes:

**Retailers:** Billing information and products offers.

**Network Service Providers:** Outage information and network augmentation proposals.

**Governments:** Information about concessions, energy efficiency and other initiatives (e.g. flexible pricing).

**Regulators:** Awareness campaigns about consumer rights and price comparator services.

**Consumer/Community Groups:** Information seminars and campaign material (e.g. 'do not knock' campaign').

Whilst all these sources of information have been developed with the best intentions, there is the potential to further confuse consumers with an overload of information. It is important that the roles of each party are clearly defined and that where there are blurred lines of accountability that coordination and cooperation occurs.

### **3. Best Practice Principles**

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EnergyAustralia supports the AER's principled approach to developing the draft guideline. Given this is the first version of the guideline for network service providers, we consider its non-prescriptive nature to be a useful way to guide business behaviour in a flexible way.

EnergyAustralia endorses the guidelines' attempt to encourage greater consumer engagement in the 'back end' of network service providers activities (e.g. infrastructure planning and augmentation, pricing proposals) and considers this level of engagement to be important in reducing network costs and increasing consumer understanding and awareness of network activities. This approach compliments the creation of Consumer Challenge Panel which is intended to enhance consumer involvement in network determinations. These initiatives should enhance consumer understanding of, and confidence in, network pricing decisions.

Where the guidelines are to apply to 'front end' communications (e.g. mass consumer information) cooperation with other parties is important to reduce the risk of customer confusion. The draft guidelines state that "service providers may also engage with consumer representative groups, retailers and industry bodies, or work with other service providers to support their interaction with identified groups of consumers<sup>1</sup>", however EnergyAustralia considers that this requirement should be strengthened to require network service providers to engage with interested parties.

Using the retailer/distributor relationship as an example, retailers have a close relationship with consumers and are well equipped, and focused on, delivering a quality customer experience. This focus extends to trained call centre staff, informative customer collateral and extensive consumer testing to understand what consumers want. Distributors, on the other hand, are traditionally technology-focused businesses with expertise in infrastructure management. Whilst it is acknowledged that network service providers should develop expertise in consumer engagement as their activities gain increasing consumer attention, this expertise should focus on the infrastructure projects and not extend into the retail domain, such as pricing. If, for example, distributors were to begin informing consumers about network price increases at annual reprices this could potentially conflict with retailer communications and confuse consumers.

### **4. Review and Evaluation**

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EnergyAustralia supports the inclusion of Review and Evaluation elements in the guideline. Whilst network service providers have been given substantial flexibility to evaluate and review their own consumer engagement plans, the AER should maintain an active role in ensuring they are able deliver real consumer outcomes. EnergyAustralia encourages the AER to track the effectiveness of consumer engagement plans proposed by network service providers, through the use of meaningful and measureable KPIs, to ensure they are effectively targeted and can provide useful inputs into infrastructure development and network price determinations. The AER should also closely scrutinise consumer engagement proposals to ensure they represent value for money over and above existing engagement activities.

### **5. Summary**

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EnergyAustralia supports the AER's principled approach to the Draft Consumer Engagement Guideline for Network Service Providers and considers that it provides a useful reference point for businesses to engage with consumers on infrastructure and network pricing determinations. However, the AER should consider strengthening principles around consultation with interested parties, particularly where they relate to mass communication with customers.

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<sup>1</sup> AER, Draft Consumer Engagement Guideline for Network Service Providers, p.9

EnergyAustralia supports an ongoing evaluation and review process for network consumer engagement plans and encourages the AER to take an active role in this process to ensure engagement activities are able to deliver positive consumer outcomes.

If you would like to contact me about this submission, please call me on (03) 8628 1185.

Yours sincerely

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